



## Chevron Advocacy Network

# Congress Focuses on Industry's Deepwater Activities

The April 20 explosion of Transocean's *Deepwater Horizon* drilling rig, contracted by BP, and the ensuing oil spill in the Gulf of Mexico (GOM) have focused a great deal of attention on the industry during the past few months.

### Newsletter Contents

The incident resulted in the suspension of deepwater drilling operations in the GOM for a six-month period as well as the introduction of legislation to reorganize the federal agency charged with managing development of oil and gas on federal lands and provide more prescriptive measures to increase the safety of our deepwater drilling operations. In addition, there have been many congressional briefings and hearings, including a June 15 hearing before the House Energy and Commerce Subcommittee on Energy and Environment where Chevron Chairman and CEO John Watson testified, along with his industry colleagues, on Chevron's deepwater drilling operations and the safety of those operations.

At the hearing, Watson told committee members, "At Chevron, everything we do begins with our fundamental commitment to safety." He described the incident as humbling for the industry and explained that Chevron operates "based on an expectation we share with the American people: the energy that we need will be produced safely and reliably."

Chevron has been providing its full support to the response and has deployed experts to assist BP and advise the Coast Guard on marine transportation planning. Chevron has also been working with communities and organizations across the Gulf Coast region to assist them in this time of need. More than 13,000 Chevron employees live

and work in the Gulf Coast region and have a very personal stake in operating safely.

Chevron is leading and participating in a number of proactive industry efforts designed to restore the public's confidence in the safety of our deepwater drilling operations. These include raising the bar across the industry on standards to prevent incidents from happening, improving containment/intervention capabilities if an unforeseen incident occurs, and strengthening our spill response capability. Today, there are four joint industry task forces working on these issues.

Immediately after the incident, Chevron led a joint industry task force, that made recommendations to the Department of the Interior to raise industry standards to an even higher level. These recommendations have been embodied in Interior Secretary Ken Salazar's 30-day Safety Report to the President on improving the safety of deepwater drilling operations and also were enshrined in Notice to Lessees issued by the Department of the Interior.

Chevron is currently involved in the work of the other joint industry task forces which are expected to make recommendations to the Department of Interior at the end of August. Chevron believes that this collective body of work initiated by the industry to upgrade the commitment to safe drilling operations is key to getting the moratorium lifted and Chevron and the rest of industry back to work in the Gulf.

## Spill Containment System Planned to Protect Gulf of Mexico

In addition to the initiatives discussed on the previous page, on July 21, Chevron joined with ConocoPhillips, ExxonMobil and Shell to announce they have committed \$1 billion to fund the initial costs of a deepwater rapid response spill containment system for the Gulf of Mexico. The system will be designed to operate in depths of up to 10,000 feet and have an initial capacity to capture and contain 100,000 barrels per day with the potential for expansion.

The new system will be flexible, adaptable and able to begin mobilization within 24 hours and can be used on a wide range of well designs and equipment and weather conditions. The system offers advantages to the current response equipment in that it will be pre-engineered, constructed, tested and ready for rapid deployment in the Gulf.

A team of marine, subsea and construction engineers from the four companies is developing the system, and dedicated crews will ensure regular maintenance, inspection and readiness of the facilities and subsea equipment once built. The four companies are creating a nonprofit organization to operate and maintain the system, and other companies will be invited to join.

The companies have reviewed the system with key officials in the federal Administration and members of Congress. ExxonMobil will lead the effort of the four sponsor companies to immediately begin with the engineering, procurement and construction of equipment and vessels for the system.

## Congress Continues Work on Industry Legislation

Congress continues to consider a wide range of legislation that would affect the energy industry, including such issues as climate change, energy, taxes and oil spills. These measures could negatively affect Chevron businesses across the country, from the Gulf Coast to Hawaii, and across all sectors, from production to retail station operations.

In response to the Gulf spill, on July 30, the House narrowly passed energy spill legislation, H.R. 3534, the Consolidated Land, Energy and Aquatic Resources Act (CLEAR Act). The act includes many provisions that will only serve to delay or block offshore drilling, increase fees, extend the time for plan approvals, eliminate the liability cap, and repeal previously enacted royalty relief provisions. The Senate adjourned for the summer recess without taking any action on spill-related legislation and may address the issue when they return in September. Chevron will continue to be actively engaged in communicating our concerns with any legislation which we believe will cost American jobs, slow economic growth and place our energy security at risk.

President Obama and some members of Congress are also continuing to propose measures that would increase taxes on the oil and natural gas industry. These increases could have a negative impact on the nation's economic recovery and energy security, decrease U.S. competitiveness and endanger some of the oil and natural gas industry's 9.2 million jobs.

Chevron will continue to actively engage with Congress and the administration to ensure that they understand the impacts of these proposals on the industry and our country's economic well-being. The Chevron Advocacy Network will keep you informed on the status of these measures and provide you with opportunities to communicate with your representatives when appropriate.

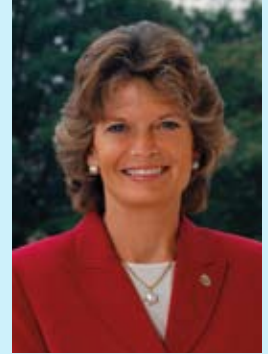
The Senate and House of Representatives created committees to review the different issues that come before their respective bodies each year. These committees have jurisdiction over specific issues and consider only a portion of the many thousands of bills introduced each session.

## Senate Energy & Natural Resources Committee

The committee's jurisdiction includes: National Energy Policy, including international energy affairs and emergency preparedness; nuclear waste policy; privatization of federal assets; territorial policy; and Native Hawaiian matters.



*Jeff Bingaman*  
Chairman



*Lisa Murkowski*  
Ranking Member

### Democrats

Chairman Jeff Bingaman (NM)  
Byron L. Dorgan (ND)  
Ron Wyden (OR)  
Tim Johnson (SD)  
Mary L. Landrieu (LA)  
Maria Cantwell (WA)  
Robert Menendez (NJ)  
Blanche Lincoln (AR)  
Bernard Sanders (I) (VT)  
Evan Bayh (IN)  
Debbie Stabenow (MI)  
Mark Udall (CO)  
Jeanne Shaheen (NH)

### Republicans

Lisa Murkowski (AK)  
Richard Burr (NC)  
John Barrasso (WY)  
Sam Brownback (KS)  
James E. Risch (ID)  
John McCain (AZ)  
Robert Bennett (UT)  
Jim Bunning (KY)  
Jeff Sessions (AL)  
Bob Corker (TN)



Members of Chevron Marketers Council at the Capitol

When you bring the vast knowledge of Chevron's Government Affairs group and the marketers, who typically have close relationships with their congressman, together to take the issues to the hill, it sends a powerful message to our legislators.

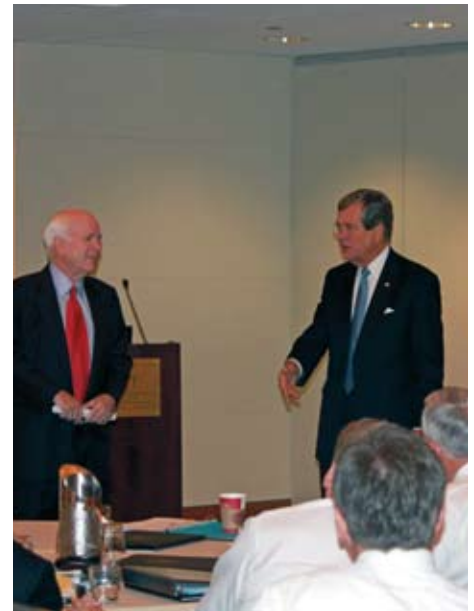
*Dallas Herron, CEO, CityServiceValcon*

### Marketers Visit Capitol Hill

On June 22 and 23 in Washington, D.C., 20 Chevron and Texaco marketers, from both our East and West regions, met with members of Congress to discuss issues important to their businesses. Working with Chevron's Americas Products leaders and our Government Affairs team in Washington, the group visited 22 congressional members or their staff to express their views and help educate congressional members on important issues to our industry.

While in town, the marketers also had the opportunity to hear the viewpoints of Senator John McCain, former Senate Majority Leader Trent Lott and former Speaker of the House Denny Hastert. The marketers received updates from Chevron's Government Affairs staff on critical issues such as renewable fuel standards, ethanol fuel standards and climate change legislation. The marketers also learned about Chevron's active role in working and influencing legislation affecting our businesses.

"I discovered there was quite a bit of confusion regarding some of the oil industry issues that really needed to be discussed, including offshore drilling, the E15 waiver request, the push to manufacture more electric cars, over-regulating air quality and credit card fees," said Gary Christensen, a member



Senator John McCain and former Senate Majority Leader Trent Lott speaking to members of Chevron Marketers Council

of Chevron's Marketer Wholesale Council. Christensen is CEO and Chairman of the Board of Powell-Christensen, Inc., and his company has automotive fuels, lubricants and propane customers throughout Washington, Oregon and Idaho.

"When you bring the vast knowledge of Chevron's Government Affairs group and the marketers, who typically have close relationships with their congressman, together to take the issues to the hill, it sends a powerful message to our legislators," said Dallas Herron, CEO of CityServiceValcon, which markets in Montana, Northern Idaho and eastern Washington.

"This was a great opportunity for members of Congress to learn firsthand from their constituents and local business leaders the impact government actions can have on their business," said Debbie Marshall, manager, Federal Government Relations for Chevron. "We appreciate the marketers taking the time to come to Washington and support our advocacy efforts on the issues that directly affect the company's bottom line," Marshall said. It is important for all members of the Chevron family to communicate with their members of Congress to inform them of the importance of a strong domestic energy industry to our country's economy and energy security.

## Primary Election Highlights

It is proving to be an exciting election year in state and federal races all across the country. These elections are important to Chevron because of our significant operations and strong business presence in the U.S. In fact, Chevron operations are present in 16 of the 37 states that will elect a governor this year.

The company is engaged in state government affairs activities in many of these states – including Alaska, California, Colorado, Hawaii, New Mexico, Texas and Utah – to support public policies aimed at creating a positive business environment for Chevron's current operations and future opportunities. Chevron continues to support efforts aimed to foster economic development, free enterprise and good government.

Recent primaries in a few key states have yielded the following results:

- **California** - Attorney General Jerry Brown (D) will face former eBay CEO, Meg Whitman (R) in the governor's race. Brown is a former two-term governor, and Whitman is running in her first campaign for elective office.
- **Texas** - Last month, Governor Rick Perry (R) won nomination to run for a third term, beating back a challenge from U.S. Senator Kay Bailey Hutchison (R). Perry will face former three-term Houston Mayor Bill White (D).
- **New Mexico** - Lieutenant Governor Diane Denish (D) will face District Attorney Susana Martinez (R).
- **Idaho** - Governor Butch Otter (R) is running for a second term against Keith Allred (D), who is running in his first campaign for elective office.

## Newsletter

### References

Chevron CEO Speaks to Congress About Drilling Safety

[http://www.chevron.com/chevron/speeches/article/06152010\\_drillingdownonamericasenergyfuturesafetysecurityandcleanenergy.news](http://www.chevron.com/chevron/speeches/article/06152010_drillingdownonamericasenergyfuturesafetysecurityandcleanenergy.news)

New Oil Spill Containment System

[http://www.chevron.com/chevron/pressreleases/article/07212010\\_newoilspillcontainment-systemtoprotectgulfofmexicoplannedbymajor-oilcompanies.news](http://www.chevron.com/chevron/pressreleases/article/07212010_newoilspillcontainment-systemtoprotectgulfofmexicoplannedbymajor-oilcompanies.news)

Chevron Advocacy Network

<http://www.chevronadvocacynetwork.com/>



Piceance Basin

## Chevron in Colorado

**Employees:** 247

**Retirees:** 937

### Key facilities:

- Rangely Field - Oil and natural gas production
- Piceance Basin, Durango, and Grand Junction - Natural gas production
- Englewood - Chevron Mining (headquarters) and Chevron Energy Solutions regional office

**Net production (2009):** 9,300 barrels of oil/natural gas liquids and 103 million cubic feet of gas per day

**Chevron Mining:** 3 coal mines and one molybdenum mine operating in various states

**Chevron Energy Solutions:** Projects include the Colorado Capitol Complex, Mapleton School District and Rangely Public Schools, Colorado Northwestern Community College, Denver Public Schools, and Mesa State College.

**Spent approximately \$411 million with contractors in 2009**



Rangely Field



Colorado Capitol Complex